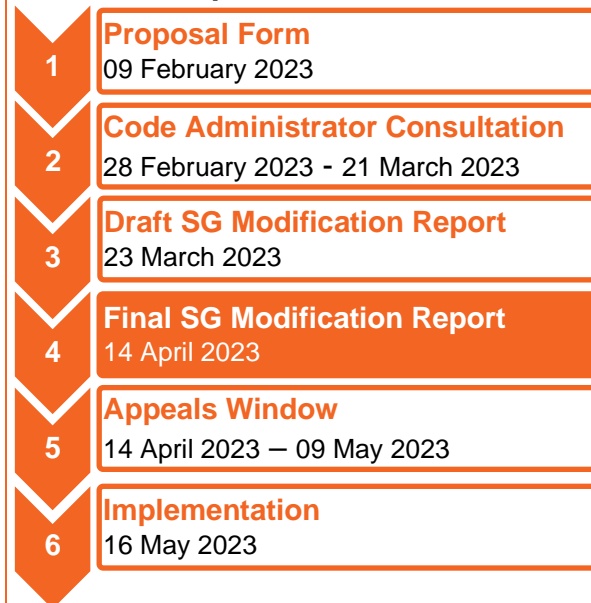


## Final Self-Governance Modification Report

# CMP410: Payment Timescales for Monthly Payments

**Overview:** This CUSC modification updates payment timescales for monthly payments where invoices are issued late.

### Modification process & timetable



**Have 5 minutes?** Read our [Executive summary](#)

**Have 20 minutes?** Read the full [Final SG Modification Report](#)

**Have 30 minutes?** Read the full Final SG Modification Report and Annexes.

**Status summary:** The Panel has made their determination vote and an appeals window has opened.

**Panel recommendation/determination:** The Panel has determined unanimously that the Proposer's solution is implemented.

**This modification is expected to have a:** **Low impact** on all CUSC Signatories and the ESO

<b>Governance route</b>	Self-Governance modification to proceed to Code Administrator Consultation	
<b>Who can I talk to about the change?</b>	<b>Proposer:</b> Nick George <a href="mailto:nick.george@nationalgrideso.com">nick.george@nationalgrideso.com</a> 07973 915455	<b>Code Administrator Contact:</b> Paul Mullen <a href="mailto:paul.j.mullen@nationalgrideso.com">paul.j.mullen@nationalgrideso.com</a> 07794537028
<b>Appeals window</b>	If you want to appeal this decision, please send your <a href="#">appeals form</a> and relevant documentary evidence to <a href="mailto:industrycodes@ofgem.gov.uk">industrycodes@ofgem.gov.uk</a> by 5pm on 09 May 2023 and inform the Code Administrator by emailing <a href="mailto:cusc.team@nationalgrideso.com">cusc.team@nationalgrideso.com</a> that an appeal has been submitted.	

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## What is the issue?

In accordance with CUSC 6.6.1 / 6.6.2, the ESO normally issues invoices for TNUoS (including LDTEC/STTEC) and Connection charges on the 1<sup>st</sup> calendar day of each month, with payment due on the 15<sup>th</sup> calendar day of the same month. However, in the unlikely event that the invoices were to be issued late (e.g. due to an unexpected billing system failure), then under CUSC 6.6.1 the payment due date jumps to the 15<sup>th</sup> calendar day of the following month.

The ESO requires the revenue from TNUoS and Connection charges to make payments to the TOs, OFTOs and other parties. Such a disproportionate delay in receipt of the revenue would cause problems in making the payments to the TO, OFTOs etc.

## Why change?

The ESO is moving to a new billing system, and thus has been reviewing its business continuity plans. The system is designed with reliability in mind, and with enhanced support in case of issues. It continues to be the ESO's intent always to issue invoices on the 1<sup>st</sup> calendar day of the month. However, there is always a risk of a short unplanned system outage, and if this was to occur at the time of invoices being issued, it is possible that invoices could be slightly delayed, for example a day late, which could result in customers delaying payment of their invoices by up to a month.

The largest proportion of TNUoS and Connection charge revenue is paid to TOs and OFTOs, and under STC Section E paragraph 4.3, payment is due by the 16<sup>th</sup> calendar day of the month (or, if later, 15 days from dispatch of invoice).

In order to ensure TOs, OFTOs and other parties can be paid on time, ESO proposes to amend CUSC to better align with STC, such that a one day's delay in issuing invoices would only result in one day's delay in the payment due date, not a whole month. Note it is not possible for the ESO to issue invoices early, as this would cause VAT issues, as it changes the month in which the VAT liability arises.

## What is the solution?

### Proposer's solution

ESO proposes that CUSC 6.6.2 is amended, as per the legal text below with changes shown in **red text**.

### Legal text

6.6.2 **Users** shall pay **Connection Charges** and/or **Use of System Charges** and the **STTEC Charge** and the **LDTEC Charge** and due to **The Company** under the **CUSC** and/or each **Bilateral Agreement** and/or as otherwise notified to the **User** where there is no **Bilateral Agreement**, in accordance with the **CUSC** and/or the **Charging Statements** in the following manner:

- (a) in the case of recurrent monthly charges and the **STTEC Charge** and the **LDTEC Charge** on the **later of:**
  - (i) 15th day of the month **to which the invoiced charges relate; and in which ~~The Company's invoice therefor was despatched (if despatched on the~~**

- ~~first day of that month) or, in all other cases, on the 15th day of the month following the month in which~~
- (ii) ~~the 14<sup>th</sup> day following the day that~~ **The Company's** invoice ~~therefor~~ was despatched unless, in any such case, the said date is not a **Business Day** in which case payment shall be made on the next **Business Day**;

## What is the impact of this change?

### Proposer's assessment against CUSC Non-Charging Objectives

Relevant Objective	Identified impact
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;	<b>Positive</b> This will help ensure that the ESO is able to make payments to other parties as required by its licence.
(b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;	<b>Neutral</b> No impact on competition
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	<b>Neutral</b> No impact
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	<b>Positive</b> This will ensure the collection of charges is not disproportionately delayed in the event of a small delay in issue of invoices.

\*The Electricity Regulation referred to in objective (c) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.

### Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories

Stakeholder / consumer benefit categories	Identified impact
Improved safety and reliability of the system	<b>Neutral</b>
Lower bills than would otherwise be the case	<b>Neutral</b>
Benefits for society as a whole	<b>Neutral</b>
Reduced environmental damage	<b>Neutral</b>
Improved quality of service	<b>Positive</b> This change will help ensure there are no delays in making payments to TOs, OFTOs and other parties.

## Code Administrator consultation summary

The Code Administrator Consultation was issued on the 28 February 2023 closed on 21 March 2023 and received no responses.

## Panel determination vote

The Panel met on the 31 March 2023 to carry out their determination vote.

They assessed whether a change should be made to the CUSC by assessing the proposed change and any alternatives against the Applicable Objectives.

**Vote 1:** Does the Original facilitate the objectives better than the Baseline?

Panel Member: **Andy Pace**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Yes	Yes
<b>Voting Statement</b>					
This modification will ensure that charges are received in a timely manner. We therefore assess this mod as better meeting applicable objective (a) through the efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence and (d) by promoting efficiency in the implementation and administration of the CUSC arrangements.					

Panel Member: **Binoy Dharsi**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Yes	Yes
<b>Voting Statement</b>					
This modification is a pragmatic solution to avoiding an inconsequential delay in paying relevant parties on time. This modification is positive for objectives a) and d) discharging the ESO's obligation efficiently and promoting the administration of CUSC arrangements.					

Panel Member: **Cem Suleyman**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Yes	Yes
<b>Voting Statement</b>					
I believe that CMP410 better facilitates the Applicable CUSC Objectives for the same reasons as provided by the Proposer.					

Panel Member: **Garth Graham**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Yes	Yes
<b>Voting Statement</b>					
No Voting Statement provided.					

Panel Member: **Grace March**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Yes	Yes
<b>Voting Statement</b>					
This modification will allow the ESO to pay TOs and other parties as required and is an efficient and proportionate solution to delays in issuing invoices.					

Panel Member: **Joe Dunn**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Yes	Yes
<b>Voting Statement</b>					
I agree with the proposer's assessment of CUSC objectives against the Original proposal, i.e. that it is positive against ACO (a) and (d) because it will ensure: i) that payments to other parties can be made in line with relevant licence conditions and, ii) that collection of charges will not be disproportionately delayed.					

Panel Member: **Karen Thompson – Lilley**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Yes	Yes
<b>Voting Statement</b>					
Support implementation of this change to ensure that CUSC provisions better align with STC regarding issuing and payment of invoices. This change will ensure that one day's delay in invoice would only result in one day's delay of payment and not a whole month as would occur under current drafting.					

Panel Member: **Paul Jones**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Yes	Yes
<b>Voting Statement</b>					
Should provide a small improvement in the efficiency of the billing process, by ensuring that slightly late billing does not result in a month's delay in payments from network users and thus should avoid the consequential cashflow implications this could have for the ESO.					

**Vote 2 – Which option is the best?**

Panel Member	BEST Option?	Which objectives does this option better facilitate? (If baseline not applicable).
Andy Pace	Original	a, d
Binoy Dharsi	Original	a, d
Cem Suleyman	Original	a, d
Garth Graham	Original	a, d
Grace March	Original	a, d
Joe Dunn	Original	a, d
Karen Thompson - Lilley	Original	a, d
Paul Jones	Original	a, d

**Panel conclusion**

The Panel has determined unanimously that the Proposer's solution is implemented.

**When will this change take place?****Implementation date**

16 May 2023

**Date decision required by**

CUSC Panel on 31 March 2023

**Implementation approach**

N/A

**Proposer's justification for governance route**

Governance route: Self-Governance modification to proceed to Code Administrator Consultation

This is an administrative modification that has minimal materiality and therefore meets Self-Governance criteria. Given that the changes are immaterial a Workgroup should not be necessary and propose this goes straight to Code Administrator Consultation.

**Interactions**

- |   |   |  |                                |
|---|---|--|--------------------------------|
| <input type="checkbox"/> Grid Code              | <input type="checkbox"/> BSC                              | <input type="checkbox"/> STC                 | <input type="checkbox"/> SQSS  |
| <input type="checkbox"/> European Network Codes | <input type="checkbox"/> EBR Article 18 T&Cs <sup>1</sup> | <input type="checkbox"/> Other modifications | <input type="checkbox"/> Other |

No interaction on other Codes.

<sup>1</sup> If the modification has an impact on Article 18 T&Cs, it will need to follow the process set out in Article 18 of the European Electricity Balancing Guideline (EBGL – EU Regulation 2017/2195) – the main aspect of this is that the modification will need to be consulted on for 1 month in the Code Administrator Consultation phase. N.B. This will also satisfy the requirements of the NCER process.

## Acronyms, key terms and reference material

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
EBR	Electricity Balancing Regulation
ESO	Electricity System Operator
LDTEC	Long Duration Transmission Entry Capacity
OFTO	Offshore Transmission Owner
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
STTEC	Short Term Transmission Entry Capacity
T&Cs	Terms and Conditions
TO	Transmission Owner

### Reference material

- None

## Annexes

Annex	Information
Annex 1	Proposal form
Annex 2	Self-Governance Statement